

Message Text

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ACTION COME-00

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FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 8486

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY PARIS

AMEMBASSY ROME

USINT ALGIERS

AMEMBASSY MOSCOW

AMCONSUL TRIESTE

UNCLAS VIENNA 3172

DEPT PASS COMMERCE

EO: 11652: N/A

TAGS: BEXP, ENRG, AU, AG, IT, GW, FR

SUBJ: ALGERIAN GAS FOR AUSTRIA AND COMMERCIAL POSSIBILITIES

REF: A. VIENNA 2769, B. VIENNA 2099

1. SUMMARY: AGREEMENT ON SUPPLY OF ALGERIAN LNG TO AUSTRIA REPORTEDLY NEAR. TENDERS FOR CONSTRUCTION OF MONFALCONE- KIEFERSFELDEN PIPELINE AND RELATED TERMINAL FACILITIES MAY OFFER PROSPECTS FOR US FIRMS IN PIPELINE PERIPHERALS, CONTROL APPARATUS AND OTHER PARTINENT EQUIPMENT.

2. AUSTRIAN SOURCES STATE SUPPLY CONTRACT FOR IMPORTATION OF ALGERIAN NATURAL GAS INTO AUSTRIA HAS BEEN DRAWN UP AND WILL BE SIGNED NEAR FUTURE.

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3. FERN GAS REPRESENTATIVE CONFIRMS THAT CONTRACT PROVIDES FOR ANNUAL IMPORTS BY AUSTRIA OF 2 BILLION CUBIC METERS FOR 20 YEAR PERIOD. PRICE PER CUBIC METER, EXPECTED CLOSE TO AS 0.60 (US\$2.90), CONSIDERED FAVORABLE. SLIDING SCALE PRICE CLAUSE WILL PERMIT CHANGES OVER CONTRACT PERIOD. FERN GAS READY TO JOIN SAGAPE CONSORTIUM AT TIME CONTRACT ENTERS INTO FORCE.

4. ACCORDING TO RECENT FORECAST, TOTAL COSTS FOR MONFALCONE-KIEFERSFELDEN PIPELINE, INCLUDING DISEMBARKATION FACILITIES ADRIATIC SEA, PLACED AT AS 4.5 BILLION (US\$218 MILLION). PIPELINE AND RELATED FACILITIES EXPECTED TO BEGIN OPERATIONS IN 1976/77, OR IN 1978 AT THE LATEST.

5. TENDERS FOR CONSTRUCTION OF FACILITY WILL PERMIT PARTICIPATION ON WORLDWIDE BASIS. AUSTRIAN INDUSTRY INTERESTED IN OBTAINING SUBSTANTIAL SHARE OF CONTRACT. AUSTRIAN INDUSTRY CONSORTIUM HEAD-ED BY AUSTRIAN FIRM VOEST- ALPINE REPORTEDLY HAS GOOD CHANCE TO OBTAIN ALSO PART OF CONSTRUCTION WORK REQUIRED IN ALGERIA (310 MILES OF PIPELINES AND GAS LIQUIFYING PLANT).

6. TENDERS FOR OCEAN TRANSPORTATION REPORTEDLY ALREADY ISSUED.

7. PARTICIPATIONS IN COMPANIES INVOLVED IN INSTALLATIONS WILL BE AS FOLLOWS:

ITALIAN TERMINAL COMPANY: SNAM - 51 PERCENT, GERMAN RUHRGAS (RG) AND AUSTRIAN OIL ADMINISTRATION(OEMV) - 26 PERCENT, AUSTRIAN FERN GAS (AFG) - 7 PERCENT, BAVARIAN FERN GAS (BFG) - 8 PERCENT, AND GASVERSORGUN SUEDE-DEUTSCHLAND (GSG) - 8 PERCENT.

ITALIAN PIPELINE COMPANY: SNAM - 51 PERCENT, RG AND OEMV - 26 PERCENT, AND 6 PERCENT EACH AFG, BFG AND GSG, PENDING - 5 PERCENT.

AUSTRIAN PIPELINE COMPANY: OEMV - 51 PERCENT, RG AND SNAM - 26 PERCENT, GAS DE FRANCE - 8 PERCENT, BFG AND GSG EACH - 5.5 PERCENT, AND AFG - 4 PERCENT.

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8. INTERESTED US FIRMS SUPPLYING PIPELINE PERIPHERALS SUCH AS
CONTROL APPARATUS, COMMUNICATIONS EQUIPMENT, NEW CONSTRUCTION
TECHNIQUE EQUIPMENT AND OTHER PERTINENT MATERIAL SHOULD CONTACT
OESTERREICHISCHE MINERALOELVERWALTUNG A. G. AT OTTO WAGNERPLATZ 5,
A-1091 WIEN, AND VOEST- ALPINE A. G., POSTFACH 2, A-4010 LINZ. HUMES

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